

AN ACT

ENTITLED, An Act to establish certain provisions regarding the taxation of the gross receipts of a professional employer organization.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as follows:

The gross receipts of a professional employer organization are specifically subject to the tax imposed by this chapter. However, a professional employer organization may deduct from its taxable gross receipts its actual disbursements, including appropriate reserves, for the wages, salaries, payroll taxes, payroll deductions, workers' compensation costs, insurance premiums, welfare benefits, retirement benefits, and other employee benefits of its co-employees.

Section 2. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as follows:

For the purposes of section 1 of this Act, the term, professional employer organization, means a firm which:

- (1) Enters into a contractual agreement with a client company to create a co-employment relationship for the provision of payroll, benefits, and other human resources functions;
- (2) Covers at least seventy-five percent of the client company's full-time or full-time equivalent employees domiciled in South Dakota; and
- (3) Maintains separate books and records of account for each client company.

Section 3. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as follows:

The provisions of this Act do not apply to the providing of temporary help services or to any other arrangement whereby a firm temporarily assigns employees of the firm to support or supplement a client company's regular work force in special situations such as employee absences, temporary skill

shortages, seasonal workloads and special assignments, or projects.

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I certify that the attached Act
originated in the

SENATE as Bill No. 111

Secretary of the Senate
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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 111
File No. _____
Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

19____ at _____ M.

By _____
for the Governor
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The attached Act is hereby
approved this _____ day of
_____, A.D., 19____

Governor
=====

STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 19____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State